

**KITTITAS COUNTY, WASHINGTON**  
**January 1, 1992 Through December 31, 1992**

---

**Schedule Of Findings**

---

1. Cash Receipt Internal Controls Should Be Improved In The County Building Inspection Department

During our audit of Kittitas County Building Inspection Department we noted material internal control weaknesses in the cash receipting system. These weaknesses were as follows:

- a. Receipts are inconsistently posted to various logs instead of one receipt journal. In addition, receipts are not posted to a subsidiary ledger to accumulate all fees paid by address, name, and permit number to provide support that the full amount of the fees have been received.
- b. Department personnel do not record all moneys received in the department's cash register to enable a control total of receipts for reconciliation to daily deposits.
- c. Internal control features of the department's cash register are not being consistently and properly used.  
  
These features include mode of payment, identification of personnel who received money, transaction activity reports, ability to print transactions on the building permits, etc.
- d. Cash receipts are not remitted to the county treasurer in a timely manner. During 1992 receipts were remitted at various times throughout the year.
- e. Numerous building permit forms could not be located. Control over prenumbered permits is essential to ensure integrity of the receipts.
- f. The cash register and building permits are situated in an area which is accessible to the public and unsupervised by department personnel for several hours at a time.

*Budgeting, Accounting and Reporting System (BARS)* manual, Volume 1, Part 3, Chapter 1, pages 22-24 states in part:

Internal control systems and all other significant events are to be clearly documented, and the documentation is to be readily available for examination.

Access to resources and records is to be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained.

The absence of adequate internal controls over the cash receipting system increases audit costs to the county and results in an increased risk that errors and/or irregularities could

occur and not be detected by employees in the normal course of performing their assigned functions.

We recommend Kittitas County Building Inspection Department implement internal controls over the cash receipting system.

2. The County Commissioners Should Establish Policies And Procedures For Remitting Daily Receipts To The County Treasurer In A Timely Manner

During our review of the following county decentralized departments: civil service, co-op, airport, juvenile, and building inspection, we noted that the daily receipts are not remitted to the county treasurer in a timely manner. Many of the remittances were for large sums of money and done 2 to 4 weeks after receipt of the money.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible.

By not remitting the money to the county treasurer in a timely manner, the county cannot obtain maximum investment earnings, and the county is exposed to the risk that errors and/or irregularities could occur and not be detected in a timely manner.

The county does not have an established policy or procedure for remittances of daily receipts from decentralized locations and many personnel feel they do not have time to make these timely remittances.

We recommend the county commissioners establish policies and procedures for remitting daily receipts to the county treasurer in a timely manner.

3. The County Commissioners Should Review The Departments Heads' Time Summaries And Leave Records

During the 1992 audit, it was brought to our attention that the Public Works Director, Mr. Don Berdan, had taken several days vacation during the last two weeks of August 1992 and did not report this leave to his time summaries and leave records.

Upon review of Mr. Berdan's August time summary we found that no leave was reported. We also noted that Mr. Berdan was not available to report his time onto his time summary and instructed the finance manager of the public works department to report 8 hours per day Monday through Friday for this period. None of Mr. Berdan's time summaries or annual leave records are reviewed by the county commissioners.

RCW 43.09.200 states in part:

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees or other persons.

The accounts shall show the receipt, use, and disposition of all public property . . . all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . . (Emphasis ours.)

RCW 42.20.040 - False report

Every public officer who shall knowingly make any false or misleading statement in any official report or statement, under circumstances not otherwise prohibited by law, shall be guilty of a gross misdemeanor.

Mr. Berdan stated that during this time it was necessary to work many hours and during periods of lull he would take a few days off for reciprocity.

Because of inaccurate time records and lack of supervisory review we were unable to substantiate Mr. Berdan's claims of working excess hours in exchange for the unreported leave taken. Further the county is at risk of over paying him for leave benefits. Mr. Berdan's employee contract stipulates that he will be paid for all unused vacation, compensatory time and 25 percent of unused sick leave at the termination of his contract.

We recommend all time worked be accurately reported on the time summaries. We also recommend the county commissioners review and approve all department heads' time summaries and leave records. We further refer this finding to the Prosecuting Attorney for any action deemed necessary.

4. The Public Works Department Should Comply With Competitive Bid Requirements

Kittitas County Public Works Department advertised for bid on the 1992 weed spraying services. Three bids were received and the contract was awarded to the lowest bidder, Basin Tree Services in the amount of \$91,292.20.

As of June 19, 1992, the public works director felt that Basin Tree Services was not doing an adequate job of spraying the county weeds and hired B & F Services. This agreement was not rebid and B & F Services was not the next lowest bidder. From July 3, 1992, through December 31, 1992, the county paid B & F Services \$34,847.45 for the 1992 weed spraying.

For 1993, B & F Services continued to perform the weed spraying for Kittitas County. This was not advertised for bid nor was a contract signed between the county and B & F Services. As of October 1, 1993, the county has paid B & F Services \$55,266.78 for the 1993 spraying of the county weeds.

RCW 36.32.245 states in part:

Competitive bids - Requirements - Advertisements - Exceptions - (1) No contract for the purchase of materials, equipment, supplies, or services may be entered into by the county legislative authority or by any elected or appointed officer of the county until after bids have been submitted to the county.

When the established purchasing and bidding requirements are circumvented, the county's management cannot assure the public that the most prudent use of tax dollars is occurring.

The public works director stated that he is fully knowledgeable of the bidding and purchasing requirements, however, his department did not have time to advertise for the 1993 spraying of the county weeds.

We recommend the public works department adhere to RCW 36.32.245 Competitive Bids - Requirements to ensure the public that the most prudent use of tax dollars is occurring.

5. The Public Work Department Heads Should Review The Office Staffs' Time Summaries And Leave Records

During our review of the public works payroll internal control system we noted that there is no review performed on the office staffs' time summaries or annual leave records.

Failure to monitor the time summaries and annual leave records results in a significantly greater risk that errors and/or irregularities could occur and not be detected in a timely manner. Consequently, we consider this condition to be a material weakness in the payroll internal control system.

The above condition appears to be a result of the public works director not aware of the importance of this review.

We recommend the public work department heads review their office staffs' time summaries and annual leave records.